



August 29, 2024

The Honorable Gavin Newsom  
Governor, State of California  
1021 N Street, Suite 9000  
Sacramento, CA 95814

**RE: AB 3025 (Valencia): County employees' retirement: disallowed compensation: benefit adjustments.  
As Enrolled August 28, 2024 - REQUEST FOR VETO**

Dear Governor Newsom,

On behalf of the California State Association of Counties (CSAC), California Special Districts Association (CSDA), Urban Counties of California (UCC), Rural County Representatives of California (RCRC), and League of California Cities (Cal Cities), we write to respectfully request that you veto Assembly Bill (AB) 3025, which would place a significant financial burden on member agencies of county retirement systems by requiring member agencies, including counties, cities, and special districts, to pay substantial penalties for decisions they did not make and over which they had no authority.

Following the passage of the Public Employees' Pension Reform Act of 2013 (PEPRA), county retirement systems took varying approaches to comply with the provisions of PEPRA related to which types of compensation may be included in retirement benefit calculations. On July 30, 2020, the California Supreme Court issued a decision in the case *Alameda County Deputy Sheriff's Assn. v Alameda County Employees' Retirement Assn.*, otherwise known as the "Alameda decision," in which the Court upheld provisions of PEPRA related to disallowed forms of compensation for retirement calculations. Over the last four years, the impacted '37 Act systems have been working to comply with *Alameda* and recalculate retirement benefits for members who retired after January 1, 2013.

While the impacted compensation was bargained and mutually agreed upon by both employers and employees, AB 3025 unfairly places the financial consequences of the Court's decision on counties and other agencies. The bill requires '37 Act system employers to pay a "penalty" equal to 20 percent of the current

actuarial value of retiree benefits deemed unlawful. The penalty, which will result in affected agencies owing millions of unbudgeted dollars to retirees for what the Court found to be an illegal benefit, implies those agencies made the decision to misapply the law. In reality, they simply complied with the pension agreements established between employees, employers, and retirement systems.

The fiscal impact on affected agencies will significantly strain general fund dollars, resulting in reductions to critical programs including public safety, transportation, and behavioral health. For the reasons mentioned above, we respectfully urge you to veto AB 3025. Should you have any questions about our request, please contact us at the below email addresses.

Respectfully,



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cc: The Honorable Avelino Valencia, California State Assembly  
Mary Hernandez, Chief Deputy Legislative Secretary